

RE: Bernard Madoff Investment Securities

5/26/2005 5:41:23 PM

From: Swanson, Eric J.

To: Donohue, Mark J. Personal Privacy

I thought we had formed some conclusions abt this?

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: Donohue, Mark J. Personal Privacy

To: Swanson, Eric J. <SwansonE@sec.gov>

Sent: Thu May 26 17:36:07 2005

Subject: RE: Bernard Madoff Investment Securities

Nothing's happened since we last spoke. I'll gather the stuff, and figure out what we have. The article is from 2001, so they probably have the same intel we have.

-----Original Message-----

From: Swanson, Eric J.

Sent: Thursday, May 26, 2005 5:06 PM

To: Donohue, Mark J.

Subject: Fw: Bernard Madoff Investment Securities

Can you refresh my recollection abt what we did with this exam? I know we talked abt it the other month, but I forget.

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: Swanson, Eric J. <SwansonE@sec.gov>

To: Nee, John <NeeJ@SEC.GOV>

CC: McCarthy, John A. <McCarthyJA@sec.gov>; Donohue, Mark J. Personal Privacy

Sent: Thu May 26 16:57:20 2005

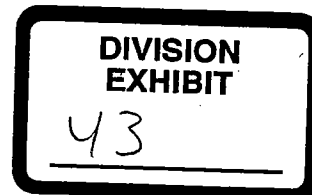
Subject: Fw: Bernard Madoff Investment Securities

John - we should discuss. Ocie has an open exam of madoff on this issue. I'm on road today, but am available tomorrow AM.

Eric

Sent from my BlackBerry Wireless Handheld

-----Original Message-----



From: McCarthy, John A. <McCarthyJA@sec.gov>
To: Swanson, Eric J. <SwansonE@sec.gov>
Sent: Thu May 26 16:54:06 2005
Subject: Fw: Bernard Madoff Investment Securities

Fyi

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: Nee, John Personal Privacy
To: McCarthy, John A. <McCarthyJA@sec.gov>
CC: Ostrow, William D. Personal Privacy; Lamore, Peter Personal Privacy; Sollazzo, Robert A. Personal Privacy
Sent: Thu May 26 16:37:37 2005
Subject: Bernard Madoff Investment Securities

John,

We are currently conducting an exam at Madoff. Our major focus has been the possibility that Madoff is using his vast amounts of customer order flow to benefit the \$6 billion in hedge fund money that we believe he manages. In initial inquiries about managing outside money and supplying black box models (algorithms, etc.) to outside accounts he either denied it or was evasive.

When he finally admitted to "executing trades" for billions of dollars in customers' (hedge funds) money using specific proprietary trading algorithm, he said we should know about this as he told Lori Richards and John McCarthy about this 1.5 years ago. We are hoping that if what he is saying has any truth at all to it that you might have some info related to his hedge fund related activities that you could send us.

Thanks,

John Nee

P.S. See the attached article for our concerns. We also received some intelligence on a recent IA exam questioning his hedge fund involvement and trading practices.